

CANCOM

Your Hybrid IT Service Provider

INVESTOR PRESENTATION

5 October 2023 | Thomas Stark, CFO



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HISTORY AND BUSINESS MODEL

30 YEARS OF SUCCESSFUL DEVELOPMENT



The CANCOM story: More than 30 years of successful development

1992

Foundation of CANCOM in Augsburg

As an IT system house, CANCOM provides solutions for companies and specializes in consulting, installation and maintenance of IT systems.

CANCOM goes public on Frankfurt Stock Exchange

After only seven years of corporate history, a new chapter began for CANCOM on September 16, 1999, with the company's IPO.

1999

2014

CANCOM becomes a managed services provider

CANCOM is one of the largest IT service providers in Germany and now also offers cloud and managed services. The company is also opening a branch office in Brussels.

CANCOM evolves into a Hybrid IT Service Provider

CANCOM launches a comprehensive XaaS portfolio and opens a new site in Kosice, Slovakia.

2019

2023

Our vision for CANCOM

CANCOM acquires K-Businesscom, a market leader in Austria, and wants to become the # 1 Hybrid IT Service Provider in the DACH market.

Business model: Hybrid IT Service Provider



HARDWARE + SOFTWARE

Trading

Revenue and gross profit attributable to the sale of hard- and software; includes e-business and marketing revenue.

SERVICES

Consulting / Professional Services

Consultancy services; transition and transformation.

Support

Soft- and hardware maintenance; CANCOM warranty products; user help desk; specialised field and on-site services; reactive services.

Managed Services

Service contracts with SLAs; proactive services; standardized offerings with CANCOM having operational responsibility (XaaS).

Business model: Service provider gross profit profile

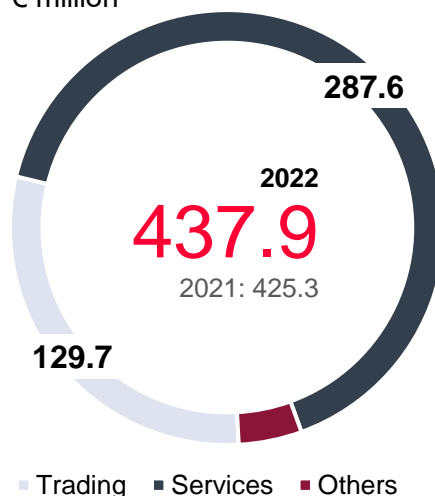
REVENUE

€ million



GROSS PROFIT

€ million



While trading contributes around 70% to total revenue, services generate around 65% of total gross profit.

Always close to the customer: the CANCOM network

- Portfolio & service offer in all DACH regions
- Regional contacts at over 80 locations
- CANCOM Security Operations Center
- CANCOM data centres
- CANCOM Service Factory



CANCOM facts and figures

With digital solutions, we improve the lives and collaboration of people and companies.

Highly certified professionals

Over 5,600 employees;
more than 300 trainees and
dual students

Regional and digital

More than 80 locations in
central Europe plus digital
procurement offerings

Wide network

Around 300 sustainable
vendor relationships

Competitive player

Over 40,000 customers
from the public and private
sector



IT TRENDS AND OPPORTUNITIES

BIG BETS, CANCOM + KBC, CUSTOMER APPROACH

Strategy: **Building the #1 Hybrid IT Service Provider**

Trends

- 1 Exponentiality of content
- 2 Explosive growth of intelligent devices and cyber threats
- 3 Power of new technology

Big bets

- 1 Customer centred experience
- 2 Digital platforms
- 3 Hybrid Cloud
- 4 Hybrid Work + AI
- 5 Security Solutions + AI

Objectives

- 1 Rigorous execution
- 2 Empower people and teams
- 3 Sustainable throughout
- 4 Change faster
- 5 Grow greater

Deal rationale: **CANCOM + K-Businesscom**

DACH region

strong regional presence in the most relevant economic region in Europe

Significant customer base

more than 20,000 customers in DACH with cross selling potential

Highly skilled experts

approx. 5,600 employees

Near shoring opportunities

SK, CZ & RO

Powerful partnerships

to enlarge partner relevance and optimize synergies

Expand in growing market segments

e.g. Cyber Security, Network, AI

Synergize local business units

e.g. sales, service offering

2024 +



> market growth



CANCOM



additional growth

DIGITAL + SECURITY SOLUTIONS

Cyber Defense Center | Network | AI

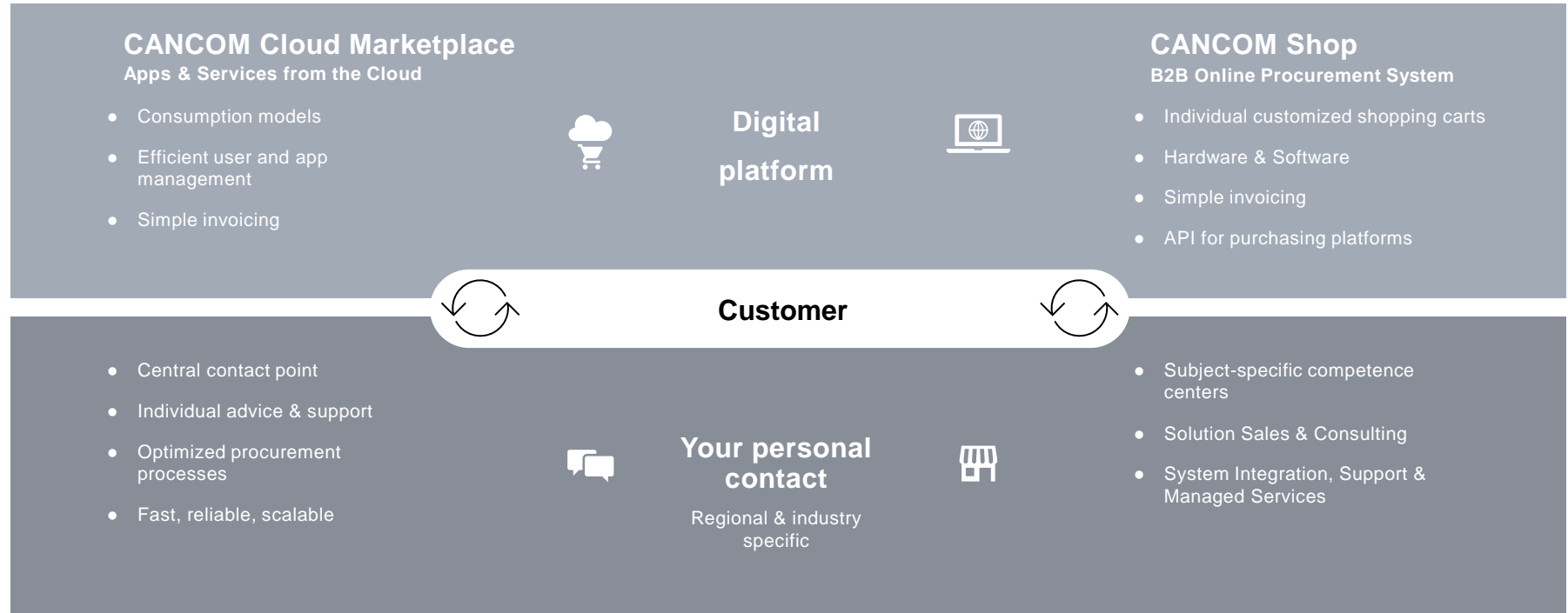
COMMON CORE

XaaS | Competence Centers | Professional Services | Support Centers | Hybrid Cloud

HYBRID WORKPLACE DIGITAL PLATFORMS

E-Commerce | Marketplace

We support **individual procurement scenarios**



Q+A SESSION

WE LOOK FORWARD TO YOUR QUESTIONS



THANK YOU

CANCOM

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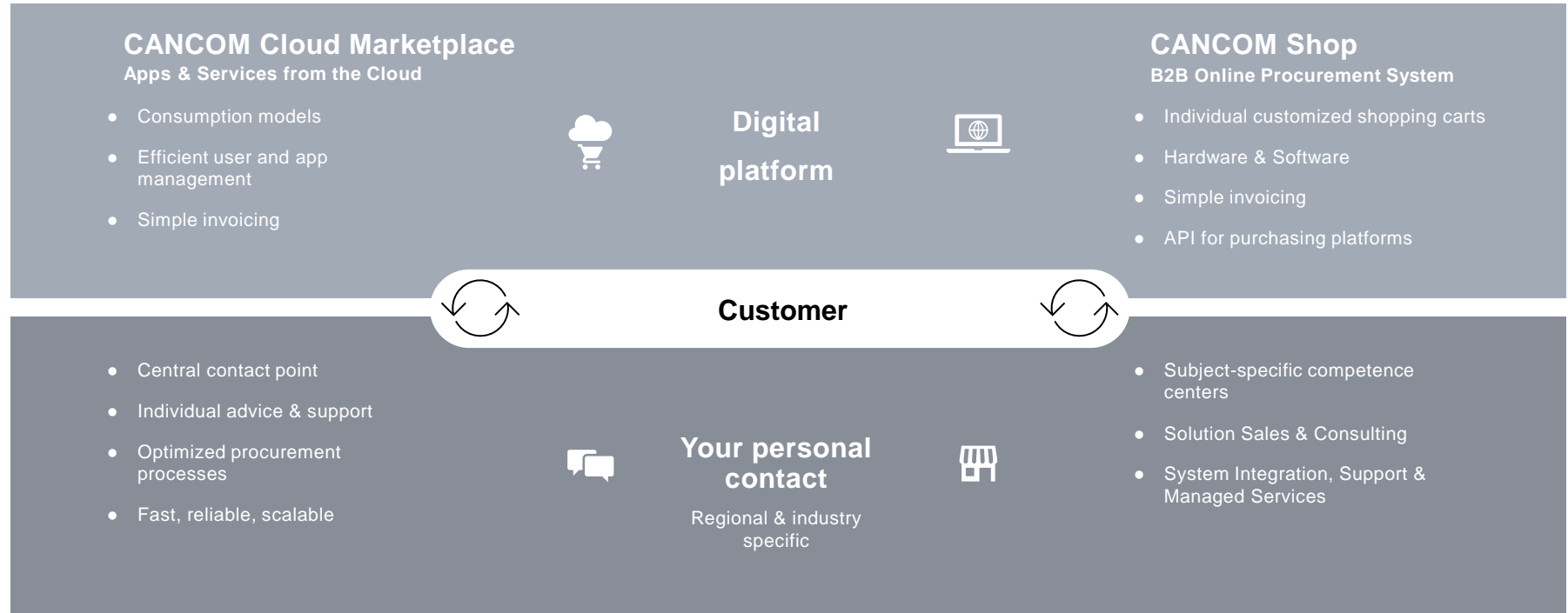
STRATEGY

BUSINESS, FINANCIAL AND SUSTAINABILITY STRATEGY

Reliable IT **services for all cases**

CANCOM XAAS	Workplace as a Service	Security as a Service	UC as a Service	
	Network as a Service	Device as a Service	and more	
MANAGED SERVICES	Remote Managed Services	Hosted Managed Services	Cloud Managed Services	
	Business Applications	Data Center	Connectivity	Security
	Data & IoT	Workplace	UCC & Media	Customer Service
SUPPORT SERVICES	Basic Support	Premium Support Services		
CONSULTING + PROFESSIONAL SERVICES	Analysis & Assess	Strategy & Plan	Build & Transform	

We support individual procurement scenarios



Strategy: Create measurable value



INCREASE EMPLOYEE ENGAGEMENT

Inspire and empower employees and teams by:

measuring satisfaction;
creating sector leading development opportunities;
providing competitive benefits



FOCUS ON THE CUSTOMER

Improve year over year organic revenue growth by:

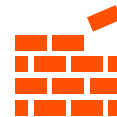
increasing revenue growth above market growth;
expanding share of wallet
through 360° view of customer needs



OPTIMISE COST

Expand EBITA-margin by:

executing cost reduction plan;
portfolio shaping with divestments of non-core businesses and assets



SOLID FINANCIAL FOUNDATION

Keep profitable growth and generate sustainable cash flows by:

improving Operating Working Capital, meeting cash conversion and CapEx goals;
leveraging moderately to improve ROCE

Growth Activities at K-Businesscom until 2025

Revenue Side

1. Benefiting from combined end-to-end portfolio.
2. Increase share of wallet with customers.
3. Leveraging platform business.
4. Leveraging ecommerce / marketplace capabilities.
5. Improvement of market and customer access in Germany with KBC-services.
6. Enabling KBC to offer CANCOM XaaS to customers.
7. Focus on high-value services (Security/CDC).

Cost Side

1. Benefitting from combined market power and economies of scale:
 - Purchasing
 - Marketing
 - SGA
2. Leveraging nearshore-potential in Kosice (up to additional 100 employees).
3. Consolidation of 24/7 services (Helpdesk, Support Services) in GER/AUT/SK.
4. Synergize local Business Units (e.g. local offices).

Our Goal: Develop K-Businesscom to a sustainable EBITDA margin of 8.0 percent by 2025.

Profitability programme: **Positive € 15m base effect for 2024**

Focus Area	2024
Personnel Measures <ul style="list-style-type: none"> ▪ HY1.23 Layoffs/Restructuring ▪ Temporary and partial hiring freeze ▪ Redeployment of resources ▪ Staff redundancies 	+ € 10 million
SGA <ul style="list-style-type: none"> ▪ Rent and offices ▪ Fleet and vehicles ▪ Travel and hospitality 	+ € 3 million
External Contractors	+ € 2 million
Total	+ € 15 million

Ongoing measures
Streamlining Portfolio: <ul style="list-style-type: none"> ▪ Focus on value business ▪ Cancellation of low margin services ▪ Increase level of standardization ▪ Improve level of automatization
Continuous price adjustments
Assessments of project profitability

Share buyback 2023: Key facts

Share buyback 2023	
Start	3 July 2023
Maximum duration	until 30 June 2024
Maximum volume	€ 155 million
Maximum # of shares (% of share capital)	3,854,800 (9.9%)

Status*	
# of shares bought (% of share capital)	1,326,172 (3.41%)
Volume used	€ 33,605,007.32
VWAP per share	€ 25.1406



*As of latest interim notification

FINANCIAL RESULTS

6M.23



Group: **Topline growth driven by M+A**

REVENUE

€ million

6M.23	647.0
6M.22	595.5

+8.6%

Organic: +0.2%

EBITDA MARGIN

%

6.4%

6M.22: 8.6%

EBITDA

€ million

6M.23	41.5
6M.22	51.1

-18.6%

Organic: -30.5%

Strong services business and soft hardware demand. EBITDA without special effects of €10m at previous year's level.

Germany: Strong services, soft hardware demand

REVENUE

€ million

6M.23	564.5
6M.22	543.7

+3.8%

Organic: +1.9%

EBITDA MARGIN

%

5.7%

6M.22: 8.2%

EBITDA

€ million

6M.23	32.4
6M.22	44.5

-27.2%

Organic: -31.9%

“Negative EBITDA special effects from profitability programme solely within segment Germany.”

International: **KBC integration drives development**

REVENUE

€ million



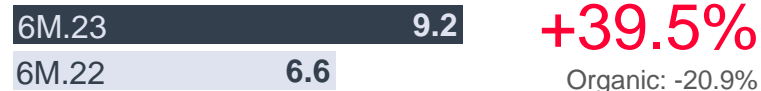
EBITDA MARGIN

%

11.1%
6M.22: 12.7%

EBITDA

€ million

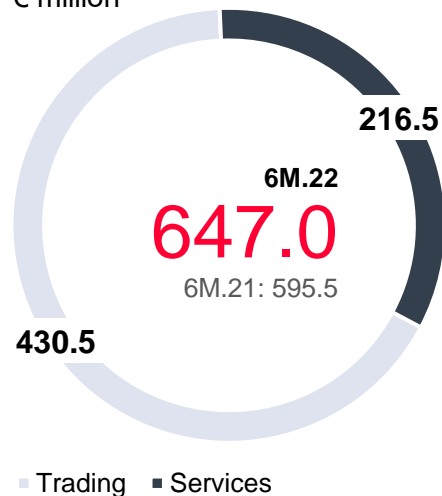


KBC's contribution is around 50 percent of segment revenue and 42 percent of segment EBITDA.

Group: Service business performs well

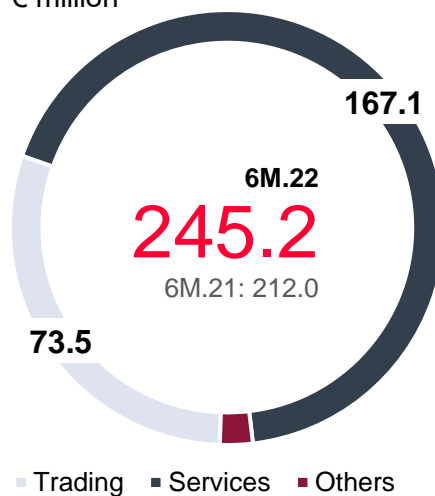
REVENUE

€ million



GROSS PROFIT

€ million



While trading contributes around 70% to total revenue, services generate around 65% of total gross profit.

6M.23: One third of revenue from high gross profit margin services

	Trading	Consulting	Support	Managed Services
REVENUE				
€ million				
	6M.23 430.5	6M.23 115.6	6M.23 34.9	6M.23 66.0
	6M.22 419.7	6M.22 93.6	6M.22 24.6	6M.22 57.5
GROSS PROFIT				
€ million				
	6M.23 73.5	6M.23 91.0	6M.23 23.2	6M.23 52.9
	6M.22 63.9	6M.22 74.0	6M.22 18.1	6M.22 45.7
GP MARGIN				
%				
	17.1%	78.7%	66.6%	80.1%
	6M.22: 15.2%	6M.22: 79.1%	6M.22: 73.6%	6M.22: 79.5%

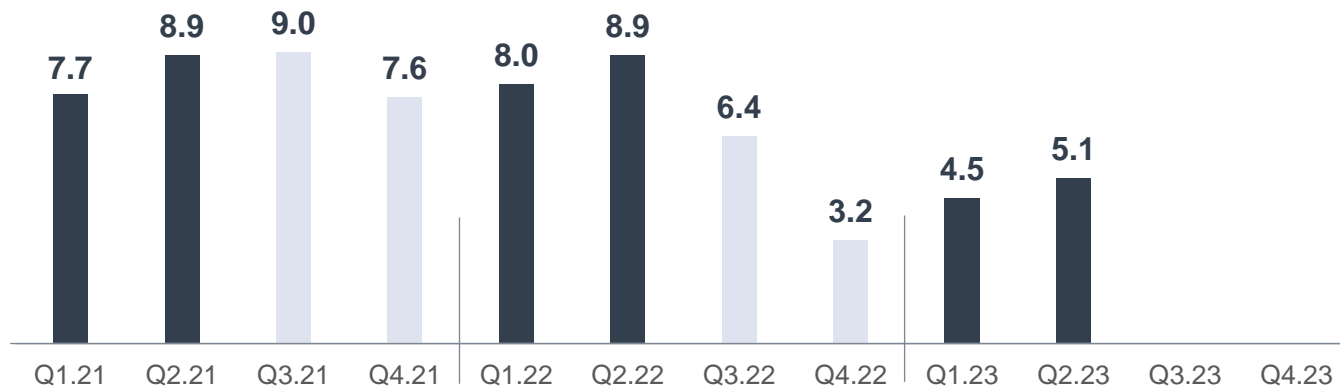
CapEx: Significant improvement to prior year

6M.21: 16.6

€ million

6M.22: 16.9

6M.23: 9.6



CAPEX/SALES

%

1.5%

6M.22: 2.8%

Lower investments in IT platforms and infrastructure. KBC will improve CapEx/Sales ratio slightly.

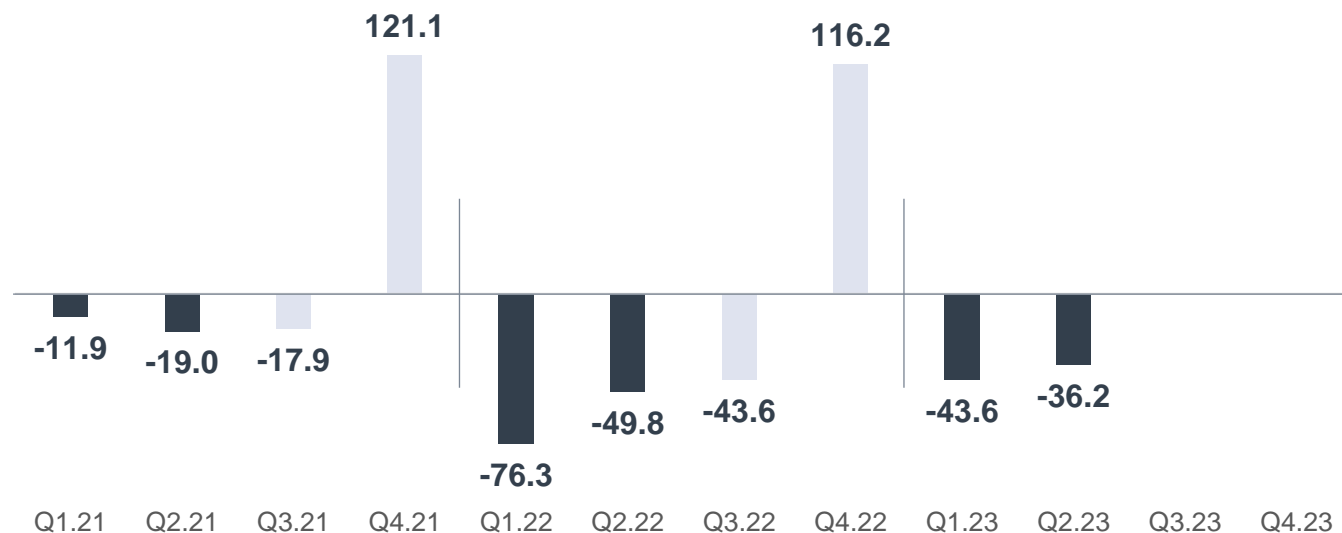
Operating Cash Flow: Improvement year on year

6M.21: -30.9

6M.22: -126.1

6M.23: -79.8

€ million



NET CASH

€ million

170.1

Q2.22: 383.9

PPA based amortization and EPS effects

PPA EFFECT ON AMORTIZATION

€ million

2026	6.4
2025	8.8
2024	11.3
2023	9.6
2022	3.9

PPA EFFECT ON EPS

€

2026	0.14
2025	0.19
2024	0.24
2023	0.20
2022	0.08

EARNINGS PER SHARE (€)

from continued operations (undiluted)*

2021

2022

1.26

0.90



*EPS adjusted for sale of the CANCOM USA activities

FORECAST 2023



Forecast: CANCOM Group 2023

€ million	Forecast as at 1 August 2023	Forecast as at 25 May 2023	2022
REVENUE	1,520 – 1,580	1,630 – 1,700	1,292.9
GROSS PROFIT	560 – 610	580 – 610	437.9
EBITDA	116 – 126	131 – 141	104.9
EBITA	67 – 75	80 – 90	54.3

Revenue guidance reduced due to lower hardware demand.

Gross profit outlook stable due to good demand in services; EBITDA reflects one-offs and M+A costs.

ESG Update



Sustainability strategy: Future-proof conduct of business

ENVIRONMENTAL, SOCIAL AND GOVERNANCE TARGETS

ENVIRONMENT	GOVERNANCE	SOCIAL
<p>Emissions Achieve Net Zero CO₂ emissions in 2027.</p> <p>Energy 95% of electricity used from sustainable sources.</p> <p>Resource utilisation Expand logistics processes for packaging-free goods delivery in order to support a high recycling rate of materials.</p>	<p>No fines and no sanctions for ESG related violations</p>	<p>External Training Invest 5% of profit for the period* for training.</p> <p>Employee turnover Fluctuation between 10 and 12%.</p> <p>Donations Donate 0.5% of profit for the period*.</p> <p>Diversity Targets for gender quota on management levels.</p>



* Adjusted for special effects.

ESG ratings: Improvements in 2023

SUSTAINALYTICS

14.7 (Low Risk)
2021: 15.9 (Low Risk)

ISS ESG

C (55.61; Prime)
2020: C- (39.16)

MSCI

AA (5.8)
2022: BBB (4.9)

CDP

C (Awareness)
2021: C (Awareness)

Other actively managed ESG Ratings include Moody's, EthifinanceGaia, S&P CSA, Refinitiv, DVFA-ScoreCard.

APPENDIX

TO INVESTOR PRESENTATION



New financial KPIs: split of revenue and gross profit

HYBRID IT SERVICE PROVIDER

TRADING	CONSULTING	SUPPORT	MANAGED SERVICES
Revenue and gross profit attributable to the sale of hard- and software; incl. e-business and marketing revenue.	Consultancy services, transition and transformation.	Soft- and hardware maintenance, CANCOM warranty products, user help desk, specialised field services and on-site services; reactive services.	Service contracts with SLAs; proactive services; standardized offerings with CANCOM having operational responsibility (XaaS).
Typical customer relationship: Single project or purchasing agreement; multi-year framework contract.	Typical customer relationship: CANCOM is architect and trusted advisor.	Typical customer relationship: Multi-year support contracts with underlying SLAs.	Typical customer relationship: 1:n relationship; SLA-based; remote delivery.

HARDWARE + SOFTWARE

SERVICE BUSINESS

Revenue, gross profit and gross profit margin: **by business activity**

	2021	2022					2023	
€ million	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
REVENUE								
Trading	936.4	206.7	213.0	243.7	262.9	926.4	222.7	207.7
Consulting	185.9	47.8	45.8	45.8	63.2	202.7	52.6	63.0
Support	52.4	12.1	12.5	12.6	14.7	51.9	13.7	21.2
Managed Services	111.2	30.1	27.5	27.4	26.8	111.8	28.6	37.4
GROSS PROFIT								
Trading	140.1	31.4	32.6	37.7	28.1	129.7	39.1	34.4
Consulting	143.4	38.0	36.0	36.2	53.0	163.2	42.4	48.6
Support	37.1	9.0	9.1	9.2	11.2	38.4	9.7	13.5
Managed Services	89.7	23.3	22.4	19.7	20.6	86.0	23.7	29.2
GROSS PROFIT MARGIN								
Trading	15.0%	15.2%	15.3%	15.5%	10.7%	14.0%	17.6%	16.6%
Consulting	77.1%	79.6%	78.5%	78.9%	83.8%	80.5%	80.6%	77.1%
Support	70.8%	74.1%	72.8%	73.3%	75.7%	74.1%	74.1%	63.5%
Managed Services	80.6%	77.5%	81.7%	71.7%	76.6%	76.9%	83.0%	77.9%

Revenue, gross profit and earnings: **by segment**

€ million

GERMANY

	2022					2023	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Revenue	278.9	264.8	299.8	328.3	1,171.8	297.9	266.6
Gross Profit	101.1	94.2	99.4	106.5	401.2	111.6	102.3
EBITDA	25.3	24.4	24.4	22.1	96.2	22.3	10.1
EBITA	15.7	10.9	10.9	5.8	43.3	11.9	-0.6
EBIT	14.6	9.7	9.7	4.6	38.6	11.2	-1.5

INTERNATIONAL

Revenue	17.8	34.0	29.8	39.5	121.1	19.8	62.7
Gross Profit	6.4	11.2	10.1	10.9	38.6	8.4	29.1
EBITDA	1.1	4.5	4.5	2.8	12.9	1.9	7.3
EBITA	0.8	4.2	4.2	2.5	11.7	1.6	5.9
EBIT	0.8	4.2	4.2	2.5	11.7	1.6	5.1

EBITDA MARGIN

Germany	9.1%	9.2%	8.1%	6.7%	8.2%	7.5%	3.8%
International	6.2%	13.2%	15.1%	7.2%	10.7%	9.4%	11.7%

M+A: CANCOM target acquisition criteria

DEAL TYPES

SCALE

Market consolidation with targets covering existing capabilities

EXPERTISE

Augmenting existing portfolio with additional services and new technologies

REGIONS

Focus on Germany, Austria, Switzerland

PRODUCTS + FIT

REVENUE STREAMS

Reasonable Managed Services and Professional Service proportion with complementary trading activities (preferably reasonable recurring revenue proportion)

ASSESSMENT OF FIT AND SKILLS

Overlay of portfolio and customers
Capabilities in trend areas of future IT benefitting from hybrid IT services
Combined value add for customers and growth opportunities

TARGET PROFILE

REVENUE SIZE

> €20m, preferably €50m -€150m

PROFIT/MARGIN PROFILE

> 5 percent EBIT Margin

CAPEX

Preferably capex light

OWNER

Preferably owner-run businesses who will stay on board with midterm incentive model

PROCESS

Preferably exclusive with direct seller access

M+A track record: 40+ successful transactions

